

BOARD OF COMMUNITY HEALTH

February 10, 2005

The Board of Community Health held its regularly scheduled meeting at the Harry S. Downs Center for Continuing Education, Clayton College and State University, Morrow, Georgia. Board members attending were Jeff Anderson, Chairman; Richard Holmes, Vice Chairman; Frank Rossiter, M.D., Secretary; Inman English, M.D.; Kip Plowman; Chris Stroud, M.D.; Ann McKee Parker, Ph.D., and Mary Covington. Commissioner Tim Burgess was also present. (A List of Attendees and Agenda are attached hereto and made official parts of these Minutes as Attachments # 1 and # 2).

Mr. Anderson called the meeting to order at 1:07 p.m. He recognized outgoing members Dr. Frank Rossiter and Lloyd Eckberg for their service to the State of Georgia and the Department of Community Health. Mr. Anderson also recognized and welcomed new members Kim Gay and Ross Mason who will begin service in March.

The Minutes of the January 13 meeting were UNANIMOUSLY APPROVED AND ADOPTED.

Mr. Anderson called on Commissioner Burgess to make his report. Commissioner Burgess reported on the following: 1. SHBP Rule changes – among those changes or plans to change the plan year from fiscal to calendar year to be consistent with health savings programs and coincide with the tax years (consequently two open enrollments will be held in April and October); 2. Release of two Request for Proposals (RFPs) - a Disease Management RFP is scheduled to be released before the end of February. The Department is negotiating final approval from CMS. The second RFP is to secure a new Pharmacy Benefit Manager for Medicaid, State Health Benefit Plan and Board of Regents Health Plan. This RFP is being finalized and will be issued by the end of February.

Mr. Anderson called on Carie Summers, Chief Financial Officer, to give an update on the Fiscal Year 05 and 06 budgets. She began by discussing the FY 05 Amended Budget and highlighted two major items. The Department needed additional dollars in FY 05 for two functions; cover additional Medicaid benefits growth (primarily driven by increases in eligibility growth and enrollment) and cover the operational deficit due to the reduced federal match caused by federal non-certification of the computer claims system and settlement costs. Those two needs were approximately \$100,000,000. The Department ended FY 04 with about a \$104,000,000 surplus that was rolled into FY 05, and it is those dollars that the Department is using to cover these two items. Ms. Summers pointed out several other items. These are items that the Governor did not recommend but were recommended by the House of Representatives, specifically reducing personal services, increasing funding for the Georgia Partnership for Caring, and increasing generic utilization from 51.5% to 52% (a \$2.5 million cut).

Ms. Summers continued with an update of the FY 06 budget. She began with a FY 06 Medicaid Overview; \$289.3 million in new state funds required to meet growth in Medicaid benefits and \$148.9 million in new state funds, but \$130.4 million has to be made up by the Department in a variety of cuts that the Governor has proposed. She listed the Medicaid Savings Initiatives and broke them down into two segments. The first segment represents about \$48 million to be achieved by rigorously implementing several policies and procedures. The second segment represents \$82.1 million in savings to be achieved by cost savings and reduction. The PeachCare Saving Initiatives is a reduction of \$13 million in state funds.

Ms. Summers continued the FY 06 budget update by discussing the financial status of the State Health Benefit Plan (SHBP). The Governor's budget

plans to address the SHBP \$446 million deficit by increasing revenue and reducing expense. The Governor's recommendations are Strategy I – change the scope of SHBP benefits and design (\$115,400,000); Strategy II – generate efficiencies by improving procurement strategies (\$38,000,000); Strategy III – generate efficiencies by improving administrative strategies (\$48,000,000); Strategy IV – increase employee contributions for premiums (\$69,900,000); and Strategy V – increase employer contributions for premiums (\$174,825,631). (Copies of the Comparative Summary of HB 84, FY 2006 Medicaid, PeachCare and SHBP Board Briefing, and Proposed Reductions to Medicaid and PeachCare Schedule Highlights are attached hereto and made official parts of these Minutes as Attachments #3, 4 and 5.)

Mr. Plowman stated that the Audit Committee met this morning and Ms. Summers briefed the Committee on the FY 03 and FY 04 Audits. He asked Ms. Summers to give an update. Ms. Summers began with the status of the FY 03 Audit. The independent auditors are wrapping up and expect to have a report by February 18. On the proprietary fund part of the audit the Department expects the auditors to issue a clean opinion in the proprietary fund of the SHBP. On the governmental funds, which are Medicaid and PeachCare, the expectation would be a disclaimer, which primarily means they could not make a judgment one way or the other about the accuracy of the financial statement. This is attributed to issues relating to the conversion from the EDS claims system to the new claims system.

Ms. Summers said that the Department expects to move immediately into an aggressive timeline for the FY 04 Audit. The Department will reprocess claims adjudicated in FY 04. The universe of claims could potentially be all paid claims. The Department will determine how many of the denied claims need to be reprocessed. It is estimated that this will be completed by the first of April. The Department will be able to finalize the financial statement two weeks after that and would provide those to the Department of Audits as well as the independent financial auditors for them to begin reviewing and making opinions on the statements by mid April. The Department will proceed with the FY 04 Audit. This will occur between April and July. DCH has asked the independent auditors if they could complete that effort sometime in July.

When this is completed as well as the fiscal year 2005 closing, DCH will be able to complete the FY 05 Financial Statement, and the intent is to provide to the auditors around July 18 those statements for their review. The Department will proceed with the FY 05 Audit.

The Department also provided some information to the Committee about a possible charter in terms of how the committee will for future purposes interact with the independent auditors. Ms. Summers concluded the update after addressing questions and concerns from the board.

Ms. Summers began discussion on the Emergency Ambulance Services (EAS) Public Notice. In the Governor's FY 05 Amended as well as FY 06 budgets, there is a proposal to increase emergency ambulance service rates for Medicaid providers to address an error made in the FY 04 budget. The Department is proposing to do several things beginning April 1, 2005: utilize 90% of the CY 2002 Medicare fee schedule for Locality 01 as the basis for reimbursement for Medicaid-covered procedure codes in the EAS program; utilize Medicare definitions in determining reimbursement for basic and advanced life support emergency ambulance services; recognize additional Medicare procedure codes to pay interim levels of emergency ambulance services in the Medicaid program; and eliminate three Medicaid procedure codes that currently

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are not used. These changes would increase annual expenditures by \$2,800,000 per year (\$1,100,000 in state funds). Mr. Plowman MADE THE MOTION to APPROVE the Emergency Ambulance Services Public Notice to be published for public comment. Dr. Stroud SECONDED THE MOTION. Mr. Anderson called for votes; votes were taken. The MOTION was UNANIMOUSLY APPROVED. (The Emergency Services Public Notice is attached hereto and made an official part of these Minutes as Attachment # 6.)

Mr. Anderson moved on to the Legislative Update. Dr. Parker, Chairman, of the Legislative Committee, called on Laura Jones, Legislative and External Affairs Director, to give an update. Ms. Jones said the Department is tracking about 40 bills but she would talk about the ones the Department has introduced and is a part of the DCH's legislative package. Senate 140 exempts CMOs from the independent review statute; gives the Board of Community Health the authority to set the income limits governing the PeachCare program; amends existing law to allow DCH to give its Third Party Administrator in the PeachCare program access to the Department of Labor wage data; and allows DCH to include members of the PeachCare for Kids program in managed care organizations. House Bill 392, Quality Assessment Fee for CMO Participants, creates a Quality Assessment Fee on Care Management Organizations participating in Medicaid Managed Care; establishes that the funds will be housed in the segregated account within the Indigent Care Trust Fund; and provides for a method of calculating and collecting the fees as well as setting the penalties for failure to pay the assessment fees. The last bill is in a draft version and has not been introduced yet. DCH expects it has been submitted to Legislative Counsel today, assigned a number and will be dropped in the hopper next week. This bill deals with the State Health Benefit Plan and would allow the Department to administer the SHBP plan as one fund and remove a requirement that the funds be maintained separately; allow public school retirees to pay their premiums monthly; allow the Board of Community Health to determine whether the employer contribution shall be determined based upon the percentage of the total salaries for each agency or on a per enrolled member basis; and allow the Commissioner of Community Health to suspend coverage for employees whose employer has failed to remit the correct premiums for those employees.

Mr. Anderson called on Dr. Stroud to make a report on the Care Management Committee meeting. Dr. Stroud stated that Kathy Driggers, Chief of Managed Care and Quality reported that the Department has conducted three technical assistance meetings since the last board meeting. The sessions dealt with technical assistance, cost proposals as well as informational and management systems assistance. The Department responded to questions from offerors in writing and verbally. DOAS received 986 written questions. Answers are being released every Friday, and all of the questions will be posted on the state's appropriate website by Friday, February 24. There have been additional presentations to legislators and others since the last board meeting. Dr. Stroud stated that for the most part, it appears the Department is on track and on schedule.

Mr. Anderson called on Neal Childers, General Counsel. Mr. Childers stated that he would discuss two sets of proposed rules changes, both of which require the Board's initial approval for the release for public comment. The first set of rules, the SHBP rules changes, have not been comprehensively updated in a good period of time and are still housed under the Merit System where the SHBP use to be. The Department is repealing them from the Merit System rules and re-enacting them under the Department of Community Health with the accompanying technical changes to allow for the internal references. Mr. Childers summarized the substantive changes to the rules. They include defining the terms certificated capacity, certificated position, dependent, disabled student,

full-time attendance, plan options, plan year, service and summary plan description. Other changes include clarifying that local school systems must make employer contributions to the public school teachers fund for all certificated employees; authorizing the administrative discharge of a debt or obligation to the fund if it does not exceed \$400; revising the process for making corrections for administrative error; revising the provisions containing the duties and responsibilities of the employer; revising the provision pertaining to the maintenance of plan records to conform with HIPAA requirements; revising the provisions to spell out the subscriber's responsibilities; adding administrative and clerical staff of the General Assembly and district attorney investigators to those eligible for coverage; extending the period of time in which a state employee who is on military duty can continue coverage; clarifying the manner in which a surviving spouse or dependent can continue coverage; implementing benefits suspension for employer nonpayment of contributions; updating the requirement to provide a benefit schedule list; revising the process for HMO procurement; deleting the former process of selection for HMOs and the former provisions for employer contributions for HMOs. Mr. Holmes MADE THE MOTION to APPROVE the SHBP Rules to be published for public comment. Dr. Rossiter SECONDED THE MOTION. Mr. Anderson called for votes; votes were taken. The MOTION was UNANIMOUSLY APPROVED. (The Synopsis of the Proposed Changes to State Health Benefit Plan Rules is attached hereto and made an official part of these Minutes as Attachment # 7.)

Mr. Childers continued with an overview of the Proposed Changes to Health Planning Certificate of Need (CON) Rules. Current CON rules for cardiac catheterization procedures require that any hospital wishing to provide therapeutic angioplasties must have an existing onsite open-heart cardiac service. Over the past several years there have been a number of presentations to the Council contending that that precaution is no longer necessary. The Health Strategies Council appointed a Technical Advisory Committee who reviewed various medical data and they concluded that there is not enough data to say either that the rules should be retained or it should be repealed. Shortly after that time the Council received a presentation from Dr. Thomas Aversano, a cardiologist affiliated with John Hopkins Medical Institutions. He was the trial administrator for the Cardiovascular Patient Outcomes Research Team (C-PORT) trial that is specifically designed to test this very rule. At the conclusion of his presentation, and after considerable period of discussion, the Council adopted on motion a resolution deciding that it would be in the best interest of the people of Georgia if Georgia participated in the forthcoming C-PORT II trial. At the November meeting, the Council reaffirmed that decision and directed staff to bring them a proposed rule that would authorize hospitals to participate in the trial. At its special called February 4, 2005 meeting, the Council recommended to the Board of Community Health that this proposed rule be adopted. The Department will choose up to 10 hospitals to participate in the trial. Mr. Childers addressed questions from the Board. Mr. Holmes MADE THE MOTION to APPROVE the Proposed Changes to Health Planning Certificate of Need (CON) Rules to be published for public comment. Ms. Covington SECONDED THE MOTION. Mr. Anderson called for votes; votes were taken. The MOTION was UNANIMOUSLY APPROVED. (A copy of the Proposed Changes to the Health Planning Certificate of Need Rules is attached hereto and made an official part of these Minutes as Attachment # 8.)

Mr. Holmes expressed his appreciation to Dr. Rossiter for his service to the Board. He commended him for being a great team member, committee member and secretary to the board. Mr. Holmes also MADE A MOTION to nominate Dr. Chris Stroud for the new secretary to replace Dr. Rossiter. Mr. Plowman SECONDED THE MOTION. Mr. Anderson called for votes; votes were

taken. THE MOTION was UNANIMOUSLY APPROVED. As secretary, Dr. Stroud will also serve on the Executive Committee.

There being no further business to be brought before the Board at the meeting Mr. Anderson adjourned the meeting at 2:52 p.m.

THESE MINUTES ARE HEREBY APPROVED AND ADOPTED THIS
THE _____ DAY OF _____, 2005.

MR. JEFF ANDERSON
Chairman

ATTEST TO:

CHRISTOPHER BYRON STROUD, M.D.
Secretary

Official Attachments: #1 - List of Attendees
#2 - February 10 Agenda
#3 – Comparative Summary of HB 84
#4 - FY 06 DCH Board Briefing
#5 – Proposed Reductions Schedule Highlights
#6 – Emergency Ambulance Services Public Notice
#7 – SHBP Rules
#8 – CON Rules